Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 31/03/2023

AZ SESTANTE AZIMUT GROUP | AZIMUT INVESTMENTS

Investment Objective:
The portfolio aims to achieve a return of 2%p.a. in excess of the MSCI World Ex Australia Index, over the medium to long term (before fees).

Asset Class:
Global Equities

Currency:
Unhedged

Number of Holdings:
15-35

Minimum Suggested Timeframe:
5 years

Estimated Total Cost:
HUB24 (AZS007): 0.7175% p.a before transaction costs and platform fees
Mason Stevens: 0.635% p.a. before transaction costs and platform fees

Minimum Initial Investment:
$50,000

AZ SESTANTE

AZ Sestante is a specialist investment consultant focused on designing and managing a range of multi-manager model portfolios via SMAs, MDAs, and fund of funds. Our parent company Azimut is Italy's largest independent asset manager listed on the Italian stock exchange. The group manages over AU$55 billion in assets globally including over AU$6 billion in multi-manager solutions.

Jacqui Veitch
Business Development Manager
M: 0497 695 459
E: Jacqui.Veitch@azsestante.com
Azimutinvestments.com.au

Latest Performance

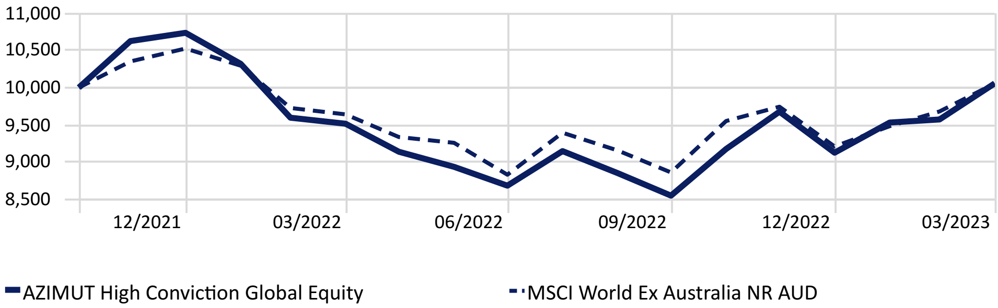
	1-mth	3-mths	6-mths	1-yr
AZIMUT High Con Global Equity	5.07	10.22	17.67	5.70
MSCI World Ex Australia NR AUD	3.88	9.20	13.51	4.31

*Past performance is not a reliable indicator of future performance. Performance is calculated before taxes, model management and platform fees and after underlying investment management fees. For full details of fees please refer to the relevant platform offer documents. Performance is notional in nature and an individual investor's actual performance may differ to the that of the model portfolio. Investment performance is shown from 1/11/2021 and represents modelled performance only and assumes income received is reinvested.

Investment Approach

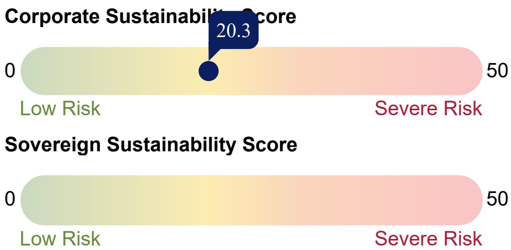
The portfolio employs a combination of top down and bottom-up analysis. The process seeks to exploit market trends, strength of trends and potential turning points to make statistically favourable decisions. The portfolio strategy is based on identifying stocks with the highest expected risk adjusted returns in the current market conditions. This view is obtained through a combination of top down and bottom-up analysis and leads the portfolio to exhibit different styles and factors depending on market conditions. Both fundamental as well as quantitative approaches are applied which helps filter the stock universe.

$10,000 invested over time



Sustainability Score

● AZIMUT High Conviction Global Equity



ESG Pillar Score

4.1 Environmental
8.8 Social
7.3 Governance
0.0 Unallocated

Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 31/03/2023

Top 10 Holdings

Portfolio Date: 31/03/2023

	%
Alphabet Inc Class A	5.15
Microsoft Corp	5.06
Apple Inc	5.05
JPMorgan Chase & Co	4.67
ASML Holding NV	4.28
Toyota Motor Corp	4.13
LVMH Moet Hennessy Louis Vuitton SE	4.04
ConocoPhillips	3.79
Bank of America Corp	3.74
Costco Wholesale Corp	3.70

Equity Sectors

Portfolio Date: 31/03/2023

Basic Materials	2.89
Consumer Cyclical	12.15
Financial Services	18.73
Real Estate	0.00
Consumer Defensive	7.22
Healthcare	12.56
Utilities	3.85
Communication Services	7.21
Energy	3.93
Industrials	11.13
Technology	20.32

Regional Exposure

Portfolio Date: 31/03/2023

North America	64.12%
Latin America	0.00%
United Kingdom	1.22%
Europe Developed	25.74%
Europe Emerging	0.00%
Africa/Middle East	0.00%
Japan	4.28%
Asia Developed	2.78%
Asia Emerging	1.87%

Important information

The Morningstar Historical Corporate Sustainability Score is a weighted average of the trailing 12 months of Morningstar Portfolio Corporate Sustainability Scores. Historical portfolio scores are not equal-weighted; rather, more-recent portfolios are weighted more heavily than older portfolios. Combining the trailing 12 months of portfolio scores adds consistency while still reflecting portfolio managers' current decisions by weighting the most recent portfolio scores more heavily.

ESG pillar scores are displayed as a number between 0 and 100 with most scores range between 0 and 25. It is the asset-weighted average of the company environmental, social, governance risk scores for the covered corporate holdings in a portfolio. The scores measure the degree to which a company's economic value may be at risk driven by environmental, social, and governance factors. The risk represents the unmanaged risk exposure after taking into account a company's management of such risks.

This document has been prepared by AZ Sestante Limited, ABN 94 106 888 662, AFSL 284 442 (AZ Sestante). This document is not an offer of securities or financial products, nor is it financial product advice. As this document has been prepared without taking account of any investors' particular objectives, financial situation or needs, you should consider its appropriateness having regard to your objectives, financial situation and needs before taking any action. Past performance is not a reliable indicator of future results. Although specific information has been prepared from sources believed to be reliable, we offer no guarantees as to its accuracy or completeness. The information stated, opininions expressed and estimates given constitute best judgement at the time of publication and are subject to change without notice. Consequently, although this document is provided in good faith, it is not intended to create any legal liability on the part of any other entity and does not vary the erms of a relevant disclosure statement. All dollars are Australian unless otherwise specified.

Azimut Investments High Conviction Global Equities SMA

Monthly Investment Report
As of 31/03/2023

Market Commentary

Over the last few weeks, markets abandoned the "higher rates for longer" narrative due to a banking system crisis which led to one of the largest reversals in rates in history. Turmoil in the banking sector meant a volatile end to the first quarter and a reappraisal of central banks' policy priorities. In the wake of the recent financial turmoil the market is now expecting the Fed to pause in May and start cutting rates over the summer, while the ECB is expected to operate two 25pb hikes and then start cutting rates in autumn. The stock market, reassured by the prompt measures taken by the financial authorities to restore confidence in the global financial system, quickly recouped mid-month losses, potentially underestimating the real impact on bank's balance sheets caused by last year's major decline in bond prices. On the macro front, the markets welcomed the slowdown in overall inflation, both in the Eurozone and the US, although underlying inflation remains particularly sticky.

In Europe, the CPI number released (6.9% y/y from 8.5% y/y) showed a fairly significant change in trend on a year-on-year basis, mostly helped by a very pronounced base effect. Core inflation proved resilient though (5.7% y/y from 5.6% y/y), matching expectations and rising slightly on a y/y basis thus reinforcing the need for the ECB to raise key rates further. US inflation continued to decelerate in February but was fuelled by continued strong inflationary pressures in services. Overall inflation rose 6% y/y. Excluding food and energy, the Fed's preferred inflation indicator, the PCE Price Index, rose 4.6% y/y (from previous 4.7% y/y), while consumer spending slowed more than expected (0.2% from 2%) and this points in the direction of a Fed approaching the end of the tightening cycle. On the contrary in the UK inflation in Feb showed an acceleration in both general (10.4% vs10.1%) and core (6.2% vs 5.8%) components. Moving to China the discrepancy between the private sector Caixin PMI and officials PMI shows a deterioration in external demand, a trend already foreshadowed by trade figures in other big Asian exporters.

Looking at monetary policy in Europe, despite the mounting tensions, the ECB stayed the course and raised its policy rates by 50 bps. However, the bank removed all references to further increases and acknowledged potential challenges to financial stability, committing to intervention should the situation significantly deteriorate. Like the ECB, the Fed raised its policy rate 25bp, as expected, amid robust data, signalling a more cautious path ahead. Powell also stressed the soundness of the US banking system and the Fed's willingness to use all of its tools to support financial stability. BoE raised its policy rates by 25bp, while the SNB followed with a 50bp increase and announced further to come reinforcing the idea that financial stability has not been put at risk by the recent episodes, which need to be considered isolated cases.

In fixed income sovereign rates have dropped on the back of the banking crisis. The drop has been significant especially in short term rates. Late in the month, as soon as concerns over possible spill over and credit crunch risks receded, the market promptly adjusted Fed cut expectations for the first quarter of 2024 to less than 75bp (from the peak of 120bp). Similarly, the mitigation of the sharp curve inversion between 3m / 2y Treasury yield signalled the first sign of a return towards normality. The 2y Treasury closed firmly around 4% (from 5.10% mid-month), whereas the 10y remains around 3.50%. In Europe the flight-to-quality that had led core government bonds to outperform over came to a halt, with Italian government bonds pretty much stable, with the BTP-Bund spread tightening around 185bp vs Bund (from 195bp).

The credit market has been inevitably affected by the various bank resolutions that occurred first in the U.S. and then in Europe. Credit Suisse subordinate debt holders have had their nominal value reduced to 0. UBS agreed to buy Credit Suisse In a landmark government-brokered deal aimed at containing a crisis of confidence that threatened to spread to global financial markets. While this intervention has reassured the global markets, the risk premium on global bank subordinated debt has been adjusted upwards in light of the Credit Suisse debt event.

Turning to currencies, the prospect of the Fed now approaching the end of its job weighed the US dollar (1.0840 vs 1.0606 at the beginning of the month). Oil currencies, such as the Norwegian krone, on the other hand were strong after the OPEC+ oil cuts which will take effect from May. The yuan showed some weakness in the wake of the disappointing reading of the PMI index along with the South African rand, always particularly sensitive to dynamics linked to the Chinese economic cycle.

Looking at commodities, oil prices rallied on the surprise cut of more than one million barrels per day in OPEC's oil production quota and closed the month at 83.5$/b. Gold prices benefited from the financial turmoil and moved to their highest level in 12 months ($1970/oz). The portfolio during the month dynamically managed the geographical and sectoral exposure, still preferring developed markets to emerging markets and quality companies with high return on capital. Asian exposure is represented via the overweight in Europe, particularly through companies generating revenues in Asian markets.

Among the best three names during March were Nvidia, Microsoft and Alphabet. While among the worst three names were Norfolk, JPMorgan and Bank of America.

A number of positions were rebalanced over the month without changing the overall sector exposure. As of the end of March cash was slightly higher at 3.75%.